

MAJOR FRAUD ACT OF 1987

(Mr. HUGHES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUGHES. Mr. Speaker, today, I am introducing the Major Fraud Act of 1987. The problem that this bill deals with is usually characterized as white collar crime. Unfortunately, this area of criminal activity is often neglected both at the Federal and State levels. I believe that this neglect is a great mistake. Prosecution of white collar crime is not only demanded in the interest of justice, but it can often result in substantial cost savings to the public in the form of reduced losses to fraud in Government contracting.

A striking example of this phenomenon occurred in the late seventies and early eighties when the Department of Justice participated in wide-ranging prosecutions of bid rigging by highway contractors throughout the United States. As a result of this concentrated effort there were prosecutions in over 15 States which produced indictments of over 180 companies and 200 executives. Numerous jail sentences and fines totaling \$41 million resulted from this effort with a conviction rate of over 90 percent. In early 1983 the Wall Street Journal, in a followup story, reported that the cost of constructing highways in the Nation had fallen significantly, in some cases by as much as 25 to 30 percent below the engineering estimates, and this was attributed, in part, to this massive law enforcement effort which had disrupted an illegal way of life in the highway construction business. Highways, as everyone knows, are paid for by the taxpayers, and it was satisfying to see that these extremely important projects become less expensive. This process added credence to the theory that the deterrent power of the law when enforced can be very strong, especially in the area of white collar crime.

I believe the Major Fraud Act of 1987 can assist in an even more important area, Government procurement, and specifically our increasing expenditures in the national defense area.

As a consistent advocate for a strong defense it is particularly aggravating to me to read about the inefficiency and waste in our present system. I need not reiterate here the litany of successive scandals in spare parts, overhead overcharges, malfunctioning equipment, and so forth, that have been exposed in testimony before Congress and in the media in the last few years. Congress has made progress in this area by providing the Government with some new tools such as the False Claims Amendment Act of 1986, the Program Fraud Civil Remedies Act, and the Anti-Kickbacks Enforcement Act.

What we need now, however is a new emphasis on the criminal law side of the ledger in the hope that we can

replicate the earlier successes in the highway area. The Major Fraud Act of 1987, I suggest, will go a long way toward accomplishing this. The bill creates a new procurement fraud offense. In situations involving \$1 million or more, the time-tested language in the Mail Fraud Act would be applied, with a new enhanced penalty of up to 7 years imprisonment upon conviction. The bill also would provide an extension of the statute of limitations in which prosecutions could be initiated to 7 years, rather than the normal 5 years, to accommodate the extensive investigation often required in this type of fraud. Increased fines based upon double the object of the fraud—for example, a \$20 million fine in the case of a \$10 million contract—are permitted rather than existing criminal law which is couched in terms of pecuniary gain to the defendant or loss to the Government. Finally, the bill establishes a reward system under which up to \$250,000 can be paid from the criminal fine to individuals who provide information leading to convictions under this act. This will add incentives to individuals, particularly employees of Government contractors, who are privy to illegal activities to volunteer information to Government authorities. To date, such persons have had little to look forward to for their own good citizenship efforts other than reprimands by their employers, which frequently could include the loss of their jobs.

Criminal law enforcement is not simply a matter of punishing wrongdoers. It helps society clarify the standards of conduct that we expect to be upheld by businessmen, employees, Government workers and everyone else. We must remember that the crime problem and the need for law enforcement is not just a matter of violent street crime or drug trafficking. The prosecution of white collar crime, which silently robs millions of dollars from all of us, must remain a high priority for Federal law enforcement. I believe the Major Fraud Act of 1987 will assist and encourage appropriate law enforcement in the Nation's procurement business.

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The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. OWENS] is recognized for 5 minutes.

[Mr. OWENS of New York addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

THE BALANCED BUDGET AMENDMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina [Mr. McMILLAN] is recognized for 5 minutes.

Mr. McMILLAN of North Carolina. Mr. Speaker, I am outraged. Holding a majority in

the Congress is one thing, but the Democrat leadership has just displayed the most arrogant abuse of power.

I'm referring to the treatment of a critical issue by the Judiciary Committee of the House. The balanced budget amendment to the Constitution has 237 cosponsors, 19 more than needed to pass the House. The American people, by an overwhelming majority, favor a mandatory balanced budget to solve the problem of overspending by the Congress. In my own district, 85 percent of the constituents favor the amendment.

Late last night, the Democrats of the Judiciary Committee announced their decision to hold hearings on the balanced budget amendment this morning at 9:30 a.m. They would hear the opinions of four individuals who oppose the amendment and from no one who supports it. Only at the last minute did the committee allow one person to speak in favor.

The action by the House Democrat leadership on this critical issue is a direct slap in the face to the 237 cosponsors of the bill, a slap in the face of the American people, and a slap in the face of the democratic principles we profess to abide by in this House.

Mr. Speaker, I demand, and I hope 236 other Members demand, that you allow the balanced budget amendment to the Constitution to come to the floor immediately for a full and fair debate. The American people deserve this much from the ruling Democrats.

AMERICANS CONTRIBUTE TO THE STATUE OF LIBERTY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. ANNUNZIO] is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, Americans are among the most generous people in the world. Since donation boxes were first set up on June 20, visitors to the Statue of Liberty have voluntarily contributed more than \$120,000. This outpouring of support shows how wrong the Department of the Interior had been to charge admission fees to Lady Liberty.

In February of this year, the Department of the Interior began to charge an admission fee to visitors at the Statue of Liberty. This fee was imposed even though millions of dollars had been contributed by the American public in the previous year to help restore the Statue of Liberty and Ellis Island. The sale of commemorative coins by the U.S. Mint last year, under legislation which I sponsored, raised \$83 million to help restore and maintain the Statue and Ellis Island.

Outraged over the Interior Department's actions, Congress moved quickly to prohibit the imposition of the admission charge. Legislation prohibiting the fee was passed on June 19.

The following day, the Interior Department began to collect donations at the Statue of Liberty. To date, visitors to the Statue of Liberty have voluntarily contributed over \$120,000 as they visited the statue. This free giving is a sign of the love of the American people for Lady Liberty. It shows that Americans will give freely and generously in the cause of this symbol of America.

Rather than forcing Americans to pay to visit this most important of American symbols,